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January 25, 2007

Mr. Gustav Henningburg  
Henningburg & Associates  
One Riverfront Plaza, Fifth Floor  
Newark, NJ 07102-5408

RE: 56 Unit Rental Housing Community  
Elizabeth Avenue and Clinton Avenue  
Newark, NJ

Mesdames and Messieurs:

You have been copied on a series of letters between the Newark Housing Authority ("NHA") and the Tony Gomes Construction, Co., Inc. ("TGCCI") regarding a housing community currently under construction. Be advised that TGCCI has received his last letter from the NHA with regard to this matter until this community is ready to proceed to a financial closing.

By way of background, the housing community located on Elizabeth Avenue and Clinton Avenue is being developed as a result of a Settlement Agreement between the Low Income Housing Coalition and the NHA. This Agreement required the NHA to develop 1,777 units of public housing. As such, the NHA is required to report on the status of construction on a regular basis to the U.S. District Court of New Jersey.

This particular housing community is being developed in accordance with the U.S. Department of Housing and Urban Development's ("HUD") Turnkey Contract Program. Essentially, a public housing authority selects a developer to construct a housing community. Upon construction completion, HUD authorizes the public housing authority to purchase the completed housing community at the price established in the Turnkey Contract of Sale.

The NHA entered into such a contract with its selected developer, TGCCI on November 8, 2004 to construct 56 rental housing units in accordance with approved plans and specifications. These units were to be completed within fourteen (14) months. The NHA has granted TGCCI three (3) extensions of time. The most last extension expired on December 31, 2006. There has been no request to further extend the construction period.

Thus the NHA has not been advised by TGCCI as to when this housing community will be ready for occupancy. Bear in mind that the City of Newark must issue Certificates of Occupancy before the NHA can take possession of the housing community.

The NHA was required by HUD to retain the services of a professional Construction Management firm to provide daily on site review and input. The NHA, through its procurement process retained the Armand Corporation ("Armand") as Construction Manager. Armand Corporation is enforcing the requirements under the HUD Turnkey Contract of Sale. Armand is requiring TGCCI to be accountable for its work product as required by the Construction Management contract with the NHA.

Armand has prepared a detailed punchlist of all items that must be completed or remediated for the first and second cluster of this housing community. TGCCI should focus their efforts on completing those tasks in order for the NHA to purchase those clusters in accordance with the HUD Turnkey Contract of Sale. The request to have the NHA accept the clusters in a different order is specious as best. There is no reason to accept the cluster or phase that contains the community center when there would be no residents on site to take advantage of said center.

The peppering of the NHA with letters alleging deliberate, malicious, capricious and discriminatory practices is simply an attempt to obfuscate their lack of performance. The NHA will not succumb to the pressures of TGCCI playing the "race card" and the veiled threat of litigation. Ethnicity is not the issue, the issue is accountability.

The NHA is prepared to take whatever measures are necessary to ensure that the provisions of the Turnkey Contract of Sale are adhered to. Moreover, we stand committed to our mission to invest in our families by building and maintaining the highest quality affordable housing to encourage economic independence and healthy communities.

This will be the last correspondence that you will receive from the NHA. We ask your indulgence in this matter and request that you not rush to judgment. Rest assured that the NHA is following the procedures established in the HUD Turnkey Contract of Sale. This is not a matter of personalities but a matter of accountability.

Sincerely,



Karen McLane Torian  
Chief Asset Development and Preservation Officer

CC Hon. Dickinson R. Debevoise  
Mayor Cory Booker, City of Newark  
Diane Johnson, HUD  
Keith Kinard, NHA Ex. Dir.

Augusto Amador, City Council  
Carlos Gonzalez, City Council  
Oscar S. James II, City Council  
Gus Heningburg, Gus Heningburg & Associates  
John Casey, Esq., Wolff Samson  
Edward DePaula, HUD  
Tony Gomes, TGCCI  
Sheila M. Dennis General Manager TGCCI  
Barbara Armand, Armand Corporation  
Ellen Michelle Harris, Esq., NHA  
Morris Warner, NHA